

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Expedited Package Services Contracts
Non-Published Rates 4 (MC2013-27)

Docket No. CP2013-35

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE CONCERNING REVISIONS TO
GLOBAL EXPEDITED PACKAGE SERVICES—NON-PUBLISHED RATES 4
MODEL CONTRACT

(September 11, 2013)

The Public Representative hereby provides comments pursuant to Order No. 1823.¹ In that Order, the Commission provides notice and an opportunity for public comment, including comment from the undersigned Public Representative, in the above referenced docket on a Postal Service Notice of changes to the Global Expedited Package Services—Non-Published Rates (GEPS—NPR) 4 model contract.² A redacted copy of the GEPS—NPR 4 model contract as revised is attached to the Postal Service's Notice.

The Commission previously added the GEPS – NPR 4 product to the competitive product list on January 16, 2013.³ The GEPS – NPR 4 product, and its predecessors, offer incentive pricing to mailers that agree to the terms of the model contract for shipping merchandise and other items to foreign destinations using Global Express

¹ PRC Order No. 1823, Notice and Order Concerning Proposed Revisions to Model Contract, August 30, 2013.

² Notice of the United States Postal Service Concerning Proposed Revisions to Global Expedited Package Services—Non-Published Rates 4 Model Contract, August 28, 2013 (Notice).

³ See Order No. 1625, Order Adding Global Expedited Package Services—Non-Published Rates (GEPS—NPR) 4 to the Competitive Product List, Docket Nos. MC2013-27 / CP2013-35, January 16, 2013.

Guaranteed (GXG), Priority Mail Express International (PMEI), and Priority Mail International (PMI).⁴

The Postal Service's changes to the GEPS – NPR 4 model contract include revisions to Paragraph 1, and deletion of Paragraph 2, of Article 15. According to the Postal Service, these changes should improve customer satisfaction by permitting “rates in each GEPS—NPR 4 contract to remain consistent throughout the contract term.” *Id.* In addition, the Postal Service asserts that these changes to the GEPS – NPR 4 model contract do not affect the rates offered to mailers because the financial model that generates such rates does not include “estimates of published rate increases.” *Id.*

The Postal Service also gives notice of “two minor changes” to the model contract. The first replaces the currently-used product name “Express Mail International” with “Priority Mail Express International” throughout the model contract. *Id.* at 2. The Postal Service maintains that this change is consistent with changes to the Mail Classification Schedule (MCS) previously approved by the Commission.⁵ The second change, applicable to contracts (agreements) that do not begin on the first day of the month, revises the last sentence of Article 12 to establish that the term of mailer agreements shall be “one calendar year from the Effective date or the last day of the month which falls one calendar year from the Effective Date, whichever is later.” *Id.* at 3. The Postal Service states that this change is intended to simplify the reporting of revenues (and costs) of renewal agreements by calculating such revenues from the beginning of the month. *Id.*

The Postal Service states that the revisions to Paragraphs 1 and 2 of Article 15 will be made to all GEPS—NPR 4 contracts issued subsequent to the date of the filing

⁴ The model contract serves as a template for separate agreements with individual mailers. The incentive prices are generated by a financial model. Both the model contract and financial model were reviewed by the Commission in Docket Nos. MC2013-27 / CP2013-35, and approved in Order No. 1625.

⁵ *Id.*; see Order No. 1713, Order Approving Minor Classification Change, Docket No. MC2013-45, May 13, 2013.

of its Notice.⁶ Mailers with existing GEPS—NPR 4 contracts will be offered a modification that includes the revisions to Article 15.⁷

COMMENTS

The Public Representative has reviewed the Postal Service's indicated changes to the GEPS – NPR 4 model contract and recommends Commission approval. The Public Representative agrees with the Postal Service's assessment that the changes should improve customer satisfaction and simplify the reporting of financial results by mailer.

The Public Representative also observes that the Postal Service's Notice presents the Commission with an issue of first impression. The Notice was filed under Docket No. CP2013-35. Dockets designated as "CP" are reserved for price changes applicable to competitive products. By the Postal Service's own admission, the noticed changes to the GEPS – NPR 4 model contract do not implicate a change in prices for mailers or otherwise change the revenue estimates of the financial model. Notice at 1 - 2. Consequently, the Postal Service's use of Docket No. CP2013-35 for changes to the model contract is misplaced.

As an alternative, the Public Representative recommends that absent a change in prices, the Postal Service file future changes to the GEPS – NPR 4 model contract in Docket No. MC2013-27.⁸ Dockets designated as "MC" are typically used for changes in the text of the Mail Classification Schedule, which governs the terms and conditions of mail service. The text of the GEPS – NPR 4 model contract serves an analogous and

⁶ *Id.* at 2. The Postal Service does not explicitly state an effective date for the minor changes, although it seems fair to assume that such changes will become effective at the same time as the changes to Article 15.

⁷ *Id.* at 2. The Postal Service states that the Article 15 changes will also be offered to mailers with existing Global Expedited Package Services (GEPS) 3 contracts, and those modifications, once signed, will be filed with the Commission in the applicable dockets. *Id.*, Note 4.

⁸ The Postal Service's decision to use Docket No. CP2013-35 for changes to the GEPS – NPR 4 model contract may have been motivated by a desire to incorporate such changes into mailer agreements as soon as possible, and certainly within 15 days—the statutory time period available to the Commission to review docketed changes in rates (prices) not of general applicability prior to implementation. 39 U.S.C. § 3632(b)(3). By contrast, the time to review classification changes in "MC" dockets is open-ended. The Commission should express its willingness to review future changes to the GEPS – NPR 4 model contract filed in Docket No. MC2013-27 within 15 days.

complementary function of establishing the obligations and responsibilities of both the Postal Service and the mailer. This suggests that it would be more appropriate to consider future changes to the text of the GEPS – NPR 4 model contract in Docket No. MC2013-27. Also, using Docket No. MC2013-27 for all future changes to the GEPS – NPR 4 model contract would facilitate Commission review and tracking of such changes as they would be considered in the same docket used to consider the model contract when the GEPS – NPR 4 product was added to the competitive product list.⁹

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

James F. Callow
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6839
callowjf@prc.gov

⁹ *Supra* Note 3.